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PENSION CORPORATION
BRITISH COLUMBIA

2007/2008 ANNUAL REPORT

Your Pension Experience...
...we make it easy!

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PENSION CORPORATION
BRITISH COLUMBIA

2007-2008
ANNUAL REPORT

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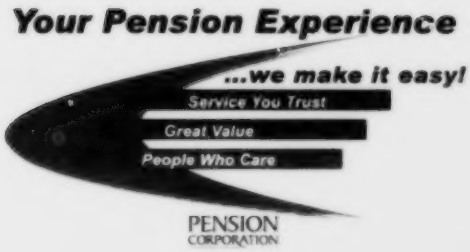
Our Vision



Our Mission

The British Columbia Pension Corporation is a non-profit agent of the College, Municipal, Public Service and Teachers' Pension Boards of Trustees. We provide professional pension administration services on behalf of the pension boards of trustees and their plan members and employers.

Our Corporate Values

- Spirit
- Teamwork
- Accountability
- Integrity
- Respect

Our Operating Principles

Principles	How we will achieve them
Maximize value for money	Operate in a cost effective, "risk smart", financially prudent manner
Listen to our clients	**Solicit input, direction, advice and criticism, and act on it**
Maintain confidentiality	Protect the privacy of plan members
Promote simplicity	**Provide products and services that are simple and easy to understand**
Look to the future	Be dynamic, proactive and focused
Leverage best practices	**Work with our clients to continuously improve our service delivery**
Keep our promises	Live up to our commitments

MESSAGES

A MESSAGE FROM THE BOARD CHAIR

Wayne Jefferson
Board Chair

It is a pleasure to share with you the success the Pension Corporation enjoyed this past year as it continued to strive to be the best pension administrator in all of Canada.

The board of directors is responsible for overseeing the corporation's strategic direction, monitoring the ongoing operational and financial performance of the corporation, and evaluating the effectiveness of the Chief Executive Officer (CEO). Performance reporting is a critical part of board and management accountability. We are pleased to present the corporation's annual report for the year ended March 31, 2008.

It was another year of significant progress and accomplishment. The corporation met or exceeded almost all service, financial and satisfaction targets, despite considerable peak service volumes—notably that generated by the closing of the historical purchase of service window in the major pension plans served.

The corporation participates in annual Canadian and international benchmarking to ensure the cost of operation is competitive with other pension administrators, and that best practices are utilized. As well, annual surveys allow the board to evaluate how well the corporation meets the needs of pension plan members, employers and trustees. Results consistently show our clients to be well satisfied with our service. In addition, the board's Human Resources and Audit committees continue to monitor the corporation's performance and accountability, including executive succession management planning strategies and the progress of a newly implemented internal audit program.

We feel fortunate to work with a talented team of employees and executives who deliver high-quality, cost-effective service to plan members, employers and pension plan boards of trustees. Their hard work, innovation and commitment to excellence make the corporation successful.

Our board thanks them and outgoing CEO Gail Stephens, whose leadership for the past five years has created a culture of creativity, innovation and success within the corporation.

I look forward to continuing to work and serve as chair of the management board for the next year.

Wayne Jefferson
Chair, Board of Directors
March 31, 2008

Board Members as at March 31, 2008

Wayne Jefferson, Chair

Wayne was appointed to the board of directors in 2002 by the Teachers' Pension Board of Trustees, and has been the chair of the corporation's board since 2007. Wayne has also served as chair of the corporation's Audit Committee since 2003. Prior to becoming a trustee, Wayne served with the BC Association of School Business Officials for many years. He is currently a school trustee for the Surrey School District and has been a member of the Teachers' Pension Board of Trustees since April 2001.

Danny Bradford

Danny was appointed to the board of directors in 2005 by the College Pension Board of Trustees. Danny is chair of the School of Industry and Trades Training at Selkirk College and is a British Columbia Government and Service Employees' Union Provincial Executive Member. Danny has been a member of the College Pension Board of Trustees since March 2000.

Dale Lauber, Vice Chair

Dale was appointed to the board of directors in 2004 by the Teachers' Pension Board of Trustees, and has been vice-chair of the corporation's board since 2007. After 25 years of teaching experience and serving local unions on bargaining committees, Dale worked as a staff officer for the British Columbia Teachers' Federation from 1990 until his retirement in 2006. He has been working in bargaining and in benefit administration, including pensions, since 1996. He has been a member of the Teachers' Pension Board of Trustees since April 2001.

Bruce Clow

Bruce was appointed to the board of directors in 2002 by the Public Service Pension Board of Trustees and has served as chair of the Human Resources Committee of the corporation's board since 2003. Bruce retired as Director, Human Resources at BC Buildings Corporation in 2006 after 25 years. Bruce was first appointed to the Public Service Pension Board of Trustees in 2001.

Carl Fischer

Carl was appointed to the board of directors in 2007 by the College Pension Board of Trustees. He is the Director of Financial Reporting and Advisory Services for the provincial Ministry of Finance. He has been a member of the College Pension Board of Trustees since December 2007.

Paul Martin

Paul was appointed to the board of directors in 2007 by the Public Service Pension Board of Trustees. He has been actively involved in the pension business for 20 years. Since 1987 Paul has worked exclusively on pensions and pension policy for the B.C. Government and Service Employees' Union. He has been a member of the Public Service Pension Board of Trustees since January 2001.

Gary Johnson

Gary was appointed to the board of directors in 2004 by the Municipal Pension Board of Trustees. Gary is a National Representative for the Canadian Union of Public Employees based in BC and is responsible for pension and benefit issues as well as working with members in the public education sector. He has been a member of the Municipal Pension Board of Trustees since May 2001.

Richard Taylor

Richard was appointed to the board of directors in 2000. He was the Executive Director of the Union of BC Municipalities, a position he held since 1985. He has been a member of the Municipal Pension Board of Trustees since April 2001.

A MESSAGE FROM THE CEO

Gail Stephens
Chief Executive Officer

I am pleased to present the Pension Corporation's annual report for the year ending March 31, 2008. This was a busy year full of accomplishments in support of our vision: *Your Pension Experience...we make it easy! Service You Trust. Great Value. People Who Care.* Indeed, 2007/08 saw the realization of many of the goals we set when I joined this organization in 2003.

The Pension Corporation has transformed itself in the past half decade. This year, we provided more effective and timely service to plan members, employers and trustees than ever before. We achieved this during a period of high service volumes and increased client expectations. Client satisfaction remained high with 93 per cent of recent retirees satisfied or very satisfied with the service they received leading up to their retirement day.

We continued to provide services cost effectively, demonstrated by our competitive cost benchmarking results in relation to our Canadian and international peers. We ended the year with an average cost per member of $105 which was under budget by $7 per member. These financial results were achieved during peak service demand, particularly for purchase of service transactions.

The corporation substantially met or exceeded its performance targets and standards, and delivered on its commitments under the five-year service agreements with the pension plans that we serve. This resulted in continued high trustee satisfaction.

As I leave the Pension Corporation after five years as its Chief Executive Officer, I want to recognize the employees, management and executive of the Pension Corporation. It has been a pleasure to work with such a great team of people. All of our successes are the result of the dedication, passion and professionalism of the corporation's talented employees.

I would also like to thank the trustees of the five pension plans that we serve. It has been an honour to serve you, your members and your employers. Finally, I would like to thank the corporation's board of directors. Your direction, support and encouragement have been unfailing.

Sincerely,

Gail Stephens

Gail Stephens
Chief Executive Officer
March 31, 2008

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Gail Stephens
Chief Executive Officer
March 31, 2008

Some of the Corporation staff say goodbye to Gail

From left to right: Joanne Hamilton, Wendy Sylvester, Grace Wong, Joanne Forbes, Donna Trainer, Jan Ireland, Gail Stephens, Linda Stewart, Carry Shea, and Shar Anderson.

Executive Management Team

Gail Stephens
Chief Executive Officer

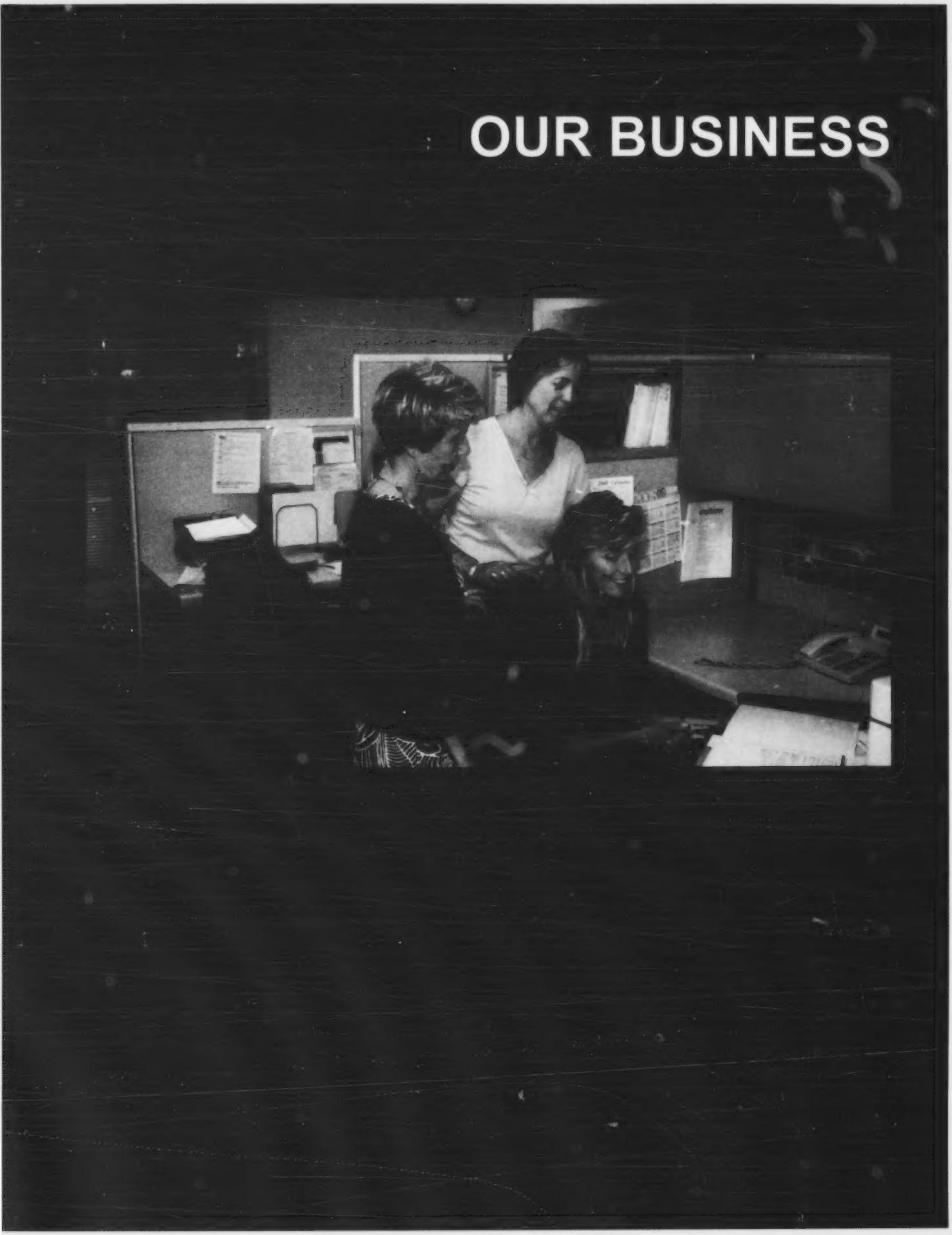
Sher Anderson
Chief of Human Resources

Karen Harper
Chief Knowledge Officer

Sandra Lenz
Chief Financial Officer

Louise Young
Chief Operating Officer

OUR BUSINESS



KEY BUSINESS DRIVERS

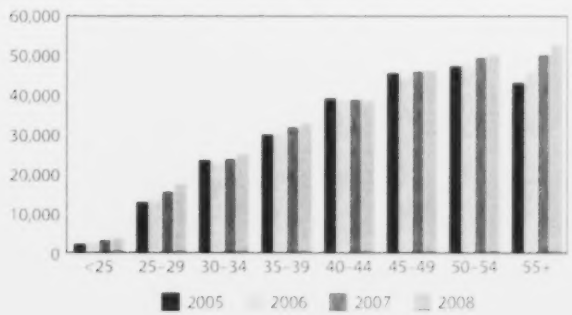
We continue to focus on service excellence, providing value to the pension boards for every trust fund dollar spent. We seek feedback from clients and actively monitor pension plan and industry trends to best serve the evolving needs of our clients.

Key business drivers included:

- An aging active plan membership, as shown in the age profile graphs, resulted in increased retirement activity, with a 12 per cent increase in pension estimates and a 4 per cent increase in new pensions granted for the year.

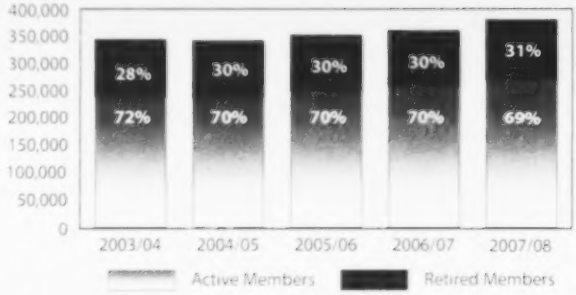
Age Profile of Active Members
as at March 31, 2008

Increasing Age Profile of Active Members



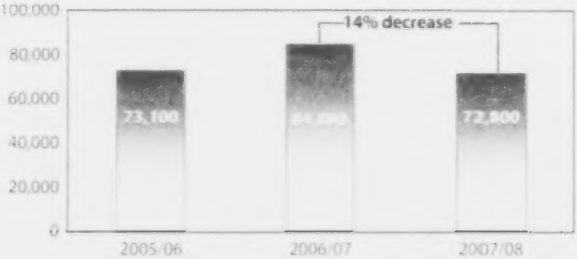
- While total membership in the plans increased by about 3 per cent, the aging population contributed to an even more rapid growth of the retired member component of that membership. Retired membership grew by almost 6 per cent in 2007/08, and over 118,000 retired members are now served.

Number of Members



- The need for new programs and products designed to better inform active members, at any stage in their career, about the value of their pension plan benefit, became a major focus on behalf of the pension boards in 2007/08. This will continue to be a major business driver over coming years.
- Plan members are increasingly using online and other self-help communication products and tools, particularly leading up to retirement decisions. Self-help services for plan members and employers also continue to be a focus.
- The final stage of the historical purchase of service window closure for the four major plans occurred this year. With this came significant peak purchase activity at the beginning of the year. Volumes then subsided and total purchase quotes for the year were less than half the volumes that have been typically handled for the last several years.

Key Service Transactions*



* Key services: pension, termination, reciprocal transfer, and purchase of service total quote service requests

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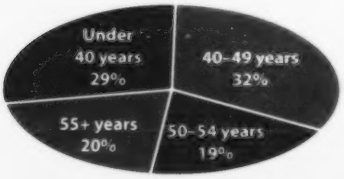

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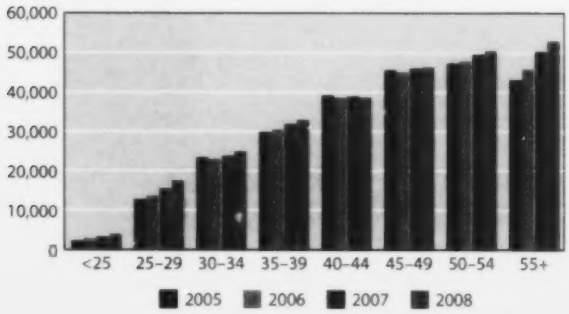

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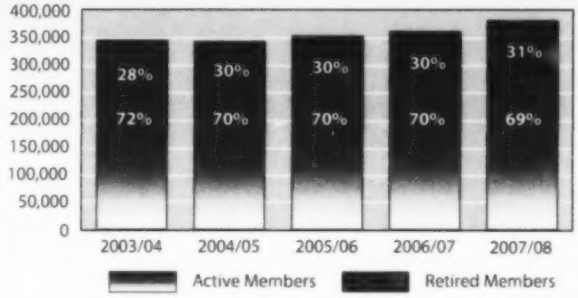

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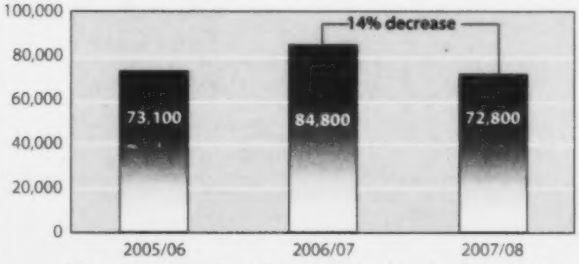


* Key services: pension, termination, reciprocal transfer, and purchase of service cost quote service requests

OUR CLIENTS AND SERVICES

We provide comprehensive pension administration services on behalf of the pension boards of trustees and other governing organizations for major British Columbia public sector pension plans. Basic services involve or support direct service delivery to plan members and employers, and the ongoing collection of data and contributions to enable benefit administration. Other services are primarily related to the governance of the pension plans and we customize our services to fit the needs of each client.

Pension Plan Membership

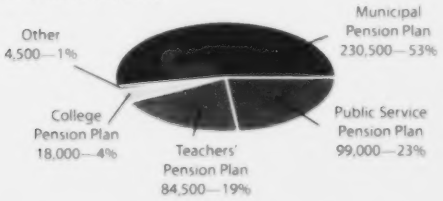
Pension plan members live and work in all parts of British Columbia.

College Pension Plan—Members of the College Pension Plan are senior administrative employees and faculty members of British Columbia post-secondary institutions.

Members of the Legislative Assembly Pension Plan—Membership in this pension plan relates to eligible Members of the Legislative Assembly of British Columbia, with service on or before June 19, 1996.

Municipal Pension Plan—Membership is open to eligible employees of local governments, school districts, post-secondary institutions and health service organizations, police, firefighters, and many other eligible employers as approved by the board.

Pension Plan Membership*
as at March 31, 2008



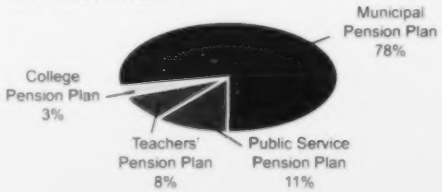
* Membership numbers are based on statistics as at each plan's most recent plan annual report when the 2007/08 Annual Report was prepared. Includes active, inactive and retired members.

Public Service Pension Plan—Membership is open to eligible employees of the Province of British Columbia and certain Crown corporations, agencies, institutions and other employers approved by the board.

Teachers' Pension Plan—Members of the Teachers' Pension Plan include certified teachers, principals, vice-principals, superintendents, assistant superintendents, associated professionals and certified professionals who are appointed by a board of school trustees in the British Columbia public school system.

Workers' Compensation Board Superannuation Plan—Membership is open to eligible employees of the Workers' Compensation Board of British Columbia.

Pension Plan Employers*
as at March 31, 2008



* There are approximately 800 employers in the multi-employer plans that we serve. Percentages are based on statistics as at each plan's most recent plan annual report when the 2007/08 Annual Report was prepared.

Active Members

Individuals who are currently contributing, or who are receiving benefits from an approved salary continuance plan, or are on a leave of absence.

Inactive Members

Individuals who have terminated employment but whose contributions remain on deposit in the plan.

Retired Members

Individuals who are receiving a pension, including those who are receiving a disability pension.

OUR ACCOMPLISHMENTS

We are proud of our accomplishments this year, fulfilling numerous commitments to the pension boards of trustees we serve, improving service to employers and making the pension process easier for members across British Columbia. In the process, we maintained a clear focus to align our achievements with our corporate vision: *Your Pension Experience... We make it easy! Service You Trust. Great Value. People Who Care.*

We Make It Easy

We continue to use member, employer and trustee feedback to ensure services and products meet client needs and support informed decision making.

Highlights:

- Continued to promote and achieve increased active member usage of My Account services, with almost 16 per cent of active members registered at the end of March 2008.
- Launched an enhanced pension estimator for use by members and employers in all plans.
- Redesigned and piloted new seminars for members that are relevant to them at all stages of their career.

> ***I have contacted my pension plan several times to verify my questions and been very impressed with the knowledge and friendliness of the staff. I have appreciated their help.***
>
> ***—MPP Retired Member***

Service You Trust

We continue to monitor and implement industry best practices and continue to ensure we live up to our service commitments.

Highlights:

- Maintained very high trustee satisfaction across the four major pension plans.
- Substantially met or exceeded all service response times to all our clients. Met service and financial performance commitments within the service agreements with the plan boards of trustees and the Workers' Compensation Board, including having substantially met or exceeded services response targets for plan members.
- Continued to implement best practices including enhanced quality review processes and an ongoing internal audit program.

> ***I would like to congratulate you on the quality of public relations and service by your staff members, and if possible, extend my appreciation and thanks.***
>
> ***—TPP Retired Member***

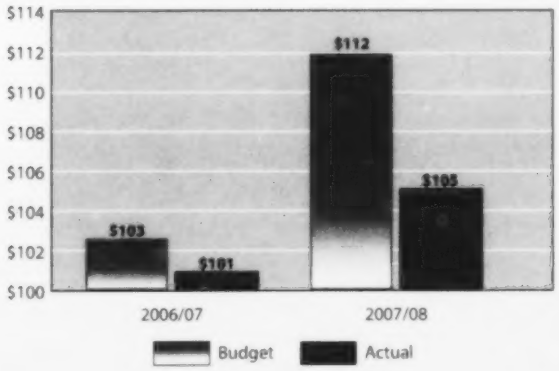
Great Value

Our continued commitment is to provide value for every trust fund dollar spent.

Highlights:

- Delivered a comprehensive array of services while staying under budget and realized savings that are passed on directly to the pension trust funds served.
- Remained cost-competitive among pension administrators across the country as proven by national and international benchmarking surveys.

Average Cost per Member



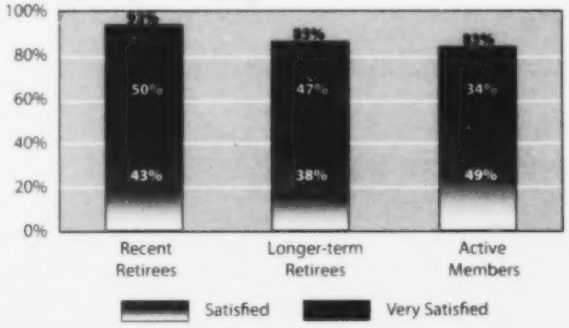
People Who Care

A great team of people who care about serving our clients is at the heart of everything the Pension Corporation does.

Highlights:

- Continued to achieve high plan member satisfaction ratings as well as unsolicited expressions of gratitude and positive feedback from employers and plan members.
- Provided training and development opportunities to enhance the skills of our staff and to address changing client expectations.
- Staff continued to personally support our local community through volunteering, participating in a variety of fundraising events and contributing money through the Provincial Employees' Community Services Fund.

Member Satisfaction



I would like to acknowledge the people in your office for being not only knowledgeable, efficient and personable, but empathetic during my telephone conversations with questions regarding the pension application process and purchase of service process.

—MPP Active Member

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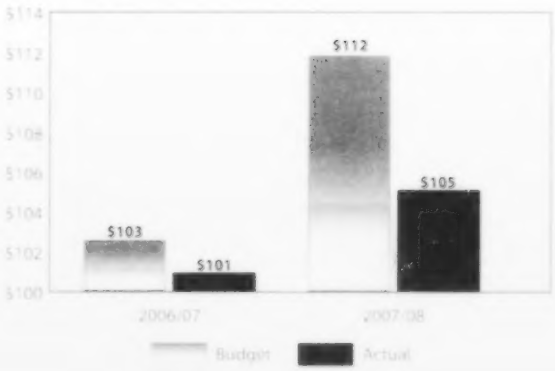

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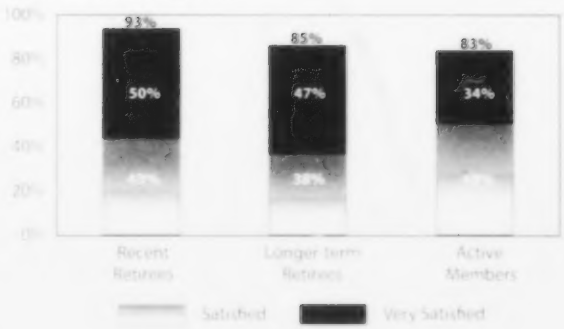

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—MPP Active Member

FINANCES

Cost Effectiveness

Overall cost per member across all plans was $105, lower than the $112 cost per member target.

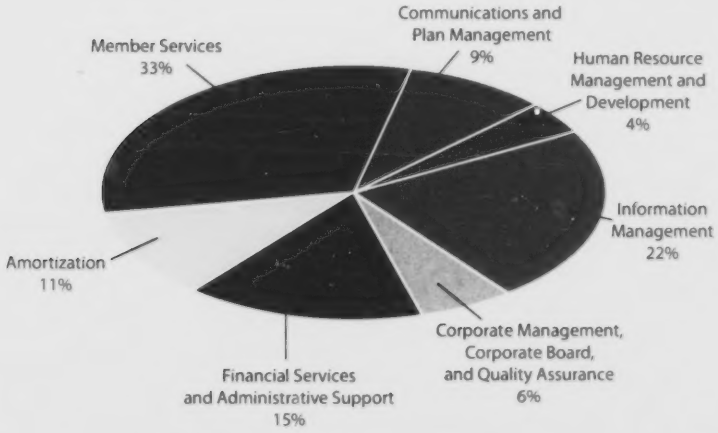
The Pension Corporation compares favourably when benchmarked against our national and international peers.

Funding

The corporation operates on a cost-recovery basis. As part of the corporation's service delivery planning and budget development process, each pension board of trustees approves its share of relevant costs. The pension funds pay for operating expenses and the corporation's capital asset expenditures. Any savings achieved are passed on directly to the pension plans served.

The corporation had $37.7 million in operating expenses in 2007/08.

Operating Expenses by Category


Communications and Plan Management 9%
Member Services 33%
Human Resource Management and Development 4%
Information Management 22%
Amortization 11%
Corporate Management, Corporate Board, and Quality Assurance 6%
Financial Services and Administrative Support 15%

* Certain operating expenses have been reclassified from the prior year presentation.

CORPORATE GOVERNANCE

LEGISLATIVE REQUIREMENTS

The British Columbia Pension Corporation was created in 2000 as a non-profit agency established under the provisions of the *Public Sector Pension Plans Act*.

BOARD OF DIRECTORS

The Pension Corporation is governed by a board of directors (the Board of Directors) which operates independently from the corporation's management team. The board has adopted a written code of conduct detailing their roles and responsibilities as directors of the corporation, and is currently reviewing its governance practices and structure.

The Board of Directors

The board of directors:

- Selects a chair and vice-chair
- Appoints and evaluates the Chief Executive Officer
- Approves business plans and budgets
- Selects and appoints an auditor of the Pension Corporation
- Oversees the operations of the Pension Corporation
- Acts in the best interests of the Pension Corporation

The board must have at least eight directors. The four major public sector pension plans that retain the services of the corporation are represented on the board. Two directors are appointed by each pension plan board of trustees, one of whom is nominated by the plan member partner and one by the employer plan partner. Directors are appointed for a three-year term. The chair and vice-chair are appointed by the board for up to a two-year term.

The board has two committees: the Audit Committee and the Human Resources Committee.

The Audit Committee

The audit committee acts on behalf of the board of directors to ensure effective financial oversight of the corporation. The four committee members must be financially literate and one member must be a financial expert who understands generally accepted accounting principles (GAAP), internal controls and audit committee functions. The committee meets at least twice a year. In addition to its role of financial oversight through monitoring and reporting, the committee also evaluates its own performance annually.

The committee's mandate includes ensuring effective oversight in the following areas:

- Integrity and cost-effectiveness of internal controls, reporting and compliance
- Financial statements conforming with generally accepted accounting principles
- An independent audit of the financial statements, and the selection, compensation and performance of the auditors
- An annual report with audited financial statements
- An effective risk management program relating to the objectives and operations of the corporation,

including risks relating to the responsibilities carried out by the corporation as a benefit administrative agent for the pension plans

- An effective quality assurance (internal audit) program
- Any other matters referred to the committee by the board

Human Resources Committee

The mandate of the Human Resources Committee is to assist the board in assessing strategic proposals that will enhance the human resource potential of the corporation, including:

- Evaluating policies that impact the corporation as an employer
- Considering the corporation's strategies on succession planning
- Assessing compensation and rewards strategies
- Establishing a process to review the performance and remuneration of the Chief Executive Officer
- Developing a board education program

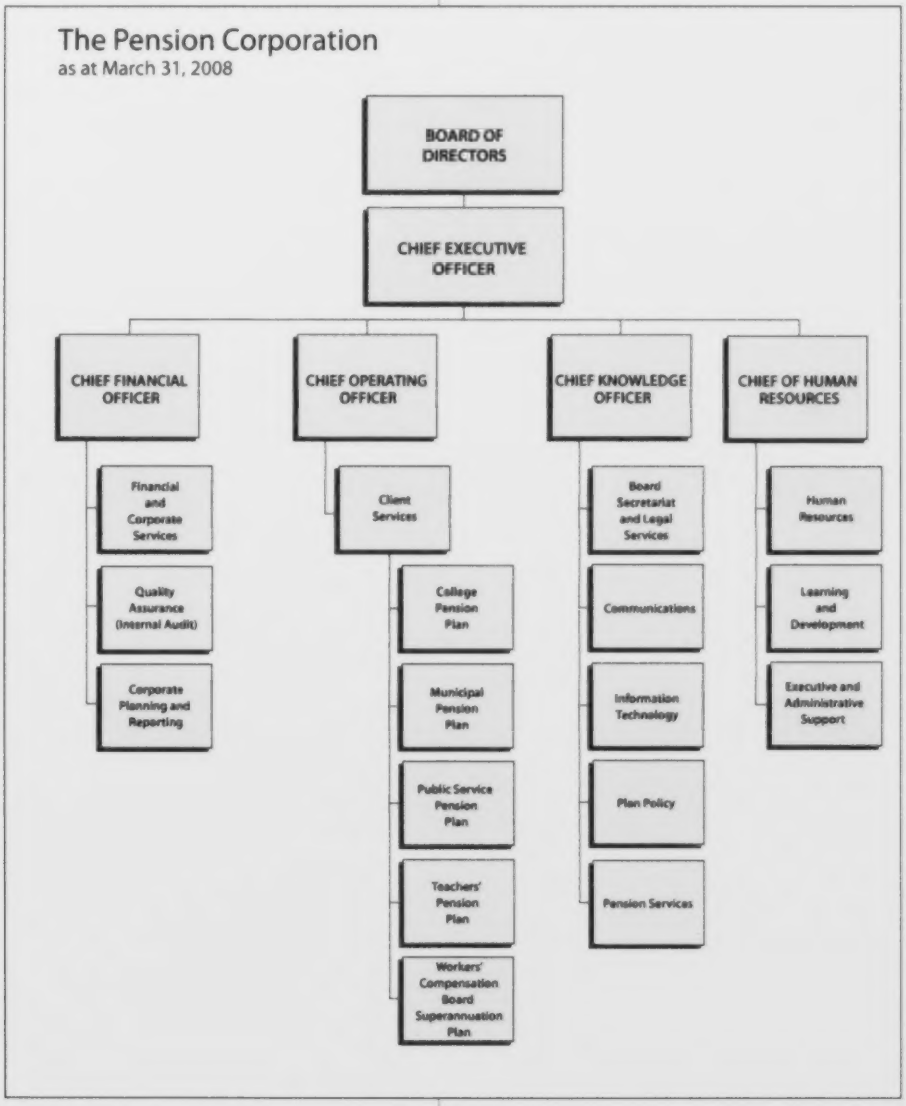
CHIEF EXECUTIVE OFFICER

Role and Responsibilities

The Chief Executive Officer (CEO) is appointed by, and is accountable to, the board for the day-to-day operations of the Pension Corporation. The CEO is responsible for:

- The overall management and leadership role in the organization
- Carrying out the strategic plan and policies as approved by the board
- Carrying out the service delivery plans as approved by each of the pension boards of trustees

The CEO and all employees are governed by a code of conduct.



COMPENSATION OVERVIEW

Compensation

Members of the board are remunerated through an annual retainer and a per diem fee for meetings of the board and its committees. Board members are either paid directly for their services or through the organization that employs them. In addition, members are reimbursed for their reasonable travel expenses.

Board members compensation for the period ending March 31, 2008 are as follows:

Board of Directors' Compensation 2007/08

Name and Position	Remuneration
Wayne Jefferson, Chair	$14,494
Dale Lauber, Vice Chair	8,340
Bruce Clow, Director	9,444
Paul Martin, Director	7,452
Richard Taylor, Director	7,296
Gary Johnson, Director	7,292
Dan Bradford, Director	6,824
Carl Fischer, Director	1,894
Bruce Kennedy, Director	755

The Chief Executive Officer's compensation is determined by the board. All other employees of the corporation, including the executive team, fall under the provisions of the *Public Service Act* and the relevant compensation framework for the public service.

Compensation for all employees includes salaries, group health benefits and employer contributions to the Public Service Pension Plan, a defined benefit pension plan.

The executive management team's compensation for the year was as follows:

Executive Compensation 2007/08

Name and Position	Base Salary	Annual Bonus*	Benefits and Other Compensation
Gail Stephens, Chief Executive Officer	$220,676	$60,861	$52,042
Louise Young, Chief Operating Officer	142,034	n/a	33,846
Karen Harper, Chief Knowledge Officer	142,034	n/a	33,846
Sher Anderson, Chief of Human Resources	121,324	n/a	28,912
Sandra Lenz, Chief Financial Officer	120,525	n/a	28,721

*Annual bonus: The CEO bonus amount is for 2006-07 and 2007-08.

CORPORATE FINANCIAL STATEMENTS

PENSION CORPORATION

Executive Offices

Mailing Address:
PO Box 9460
Victoria BC
V8W 9V8

Location:
2995 Jutland Road
Victoria BC
V8T 5J9

Phone:
250 387-8201
1 800 663-8823
Fax:
250 953-0429

BRITISH COLUMBIA PENSION CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and information in the Annual Report are the responsibility of management of the British Columbia Pension Corporation (corporation) and have been approved by management and the Board of Directors (board).

Management is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada. Other financial information contained in the Annual Report conforms to these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The board, primarily through its Audit Committee (committee), is responsible for ensuring that management fulfills this responsibility. The committee reviews the financial statements and recommends them to the board for approval. The committee meets with management and external auditors to discuss internal controls, auditing matters and financial reporting issues.

The firm of PricewaterhouseCoopers LLP has been appointed the independent auditor of the corporation by the board. The role of the auditor is to perform an independent audit of the financial statements of the corporation in accordance with generally accepted auditing standards in Canada. The resulting audit opinion is set out in the Auditors' Report attached to these financial statements.

LOUISE YOUNG, C.A.
Chief Executive Officer
British Columbia Pension Corporation

RON MILLARD, F.C.G.A.
Director, Finance
British Columbia Pension Corporation

June 11, 2008

PRICEWATERHOUSECOOPERS

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June 11, 2008

Auditors' Report

To the Members of the Board of Directors of
British Columbia Pension Corporation

We have audited the balance sheet of the **British Columbia Pension Corporation** as at March 31, 2008 and the statements of revenue and expenses and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2007 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated May 18, 2007.

PricewaterhouseCoopers LLP

Chartered Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

PENSION CORPORATION

BRITISH COLUMBIA PENSION CORPORATION
BALANCE SHEET
($ Thousands)

March 31	2008	2007
Assets		
Current:		
Cash and Short-term Investments (Note 5)	$ 842	$ 228
Due from Pension Plans (Note 6)	6,162	6,909
Due from Province of British Columbia (Note 13)	8	35
Accounts Receivable	338	215
Prepaid Expenses	458	448
	7,808	7,835
Computer Systems and Other Assets (Note 7)	10,248	11,879
Total Assets	$ 18,056	$ 19,714
Liabilities and Shareholder's Equity		
Liabilities		
Current:		
Accounts Payable	$ 1,617	$ 1,962
Accrued Salaries and Benefits (Note 8)	6,191	5,873
	7,808	7,835
Long term:		
Deferred Capital Funding (Note 9)	10,248	11,879
	18,056	19,714
Shareholder's Equity		
Share Capital (Note 2)	-	-
Total Liabilities and Shareholder's Equity	$ 18,056	$ 19,714

All accompanying notes are an integral part of these financial statements including:

- Commitments (Note 14)

Wayne Jefferson, Chair
British Columbia Pension Corporation
Board of Directors

Dale Lauber, Vice Chair
British Columbia Pension Corporation
Board of Directors

PENSION CORPORATION

BRITISH COLUMBIA PENSION CORPORATION
STATEMENT OF REVENUES AND EXPENSES
($ Thousands)

For the year ended March 31	2008	2007
Revenues		
Service Revenue (Note 10)	$ 37,572	$ 36,905
Province of British Columbia (Note 13)	-	35
Investment and Miscellaneous Income	181	174
Loss on Disposal of Computer Systems and Other Assets	(93)	(30)
Revenues before Recovery of Pension Plan Boards' Secretariat Support	37,660	37,084
Recovery of Pension Plan Boards' Secretariat Support (Note 11)	1,001	938
Total Revenues	38,661	38,022
Expenses		
Salaries and Benefits	$ 24,623	$ 23,742
Amortization	4,268	4,364
Systems Support and Telephones	3,345	3,059
Building Rent and Maintenance	2,072	2,135
Office Expenses	1,205	1,119
Legal, Actuarial and Other Professional Services	780	1,098
Bank Charges and Insurance	401	505
Training	291	324
Publications	288	366
Travel	213	200
Corporate Board	94	92
Regulatory Fees	80	80
Operating Expenses	37,660	37,084
Pension Plan Boards' Secretariat Support (Note 11)	1,001	938
Total Expenses	38,661	38,022
	$ -	$ -

PENSION CORPORATION

BRITISH COLUMBIA PENSION CORPORATION
STATEMENT OF CASH FLOW
($ Thousands)

For the year ended March 31	2008	2007
Cash Flow from Operating Activities		
Operating Funding Received from the Pension Plans	$ 34,959	$ 32,463
Cash Paid to Suppliers and Employees	(34,526)	(33,287)
Investment and Miscellaneous Income Received	181	174
Total Operating Activities	614	(650)
Cash Flow from Investing Activities		
Purchase of Computer Systems and Other Assets	(2,730)	(1,911)
Proceeds from Sale of Computer Systems and Other Assets	-	10
Total Investing Activities	(2,730)	(1,901)
Cash Flow from Financing Activities		
Capital Funding Received from the Pension Plans	2,730	1,901
Total Financing Activities	2,730	1,901
Increase (decrease) for the Year	614	(650)
Cash and Short-term Investments at Beginning of Year	228	878
Cash and Short-term Investments at End of Year	$ 842	$ 228

BRITISH COLUMBIA PENSION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

1. AUTHORITY

The British Columbia Pension Corporation (corporation) was established as a corporation on April 1, 2000, under section 5 of the *Public Sector Pension Plans Act, S.B.C. 1999 C 44* (the act). The act describes the composition, appointment, powers, functions and duties of the Board of Directors (board) for the corporation.

2. NATURE OF OPERATIONS

The corporation provides benefit administration services as agent for the boards of trustees responsible for the College, Municipal, Public Service and Teachers' pension plans. It may also provide services to other British Columbia public sector pension clients. The corporation's board consists of eight (8) directors, two (2) directors from each of the four boards of trustees above. The chair and vice chair of the board are elected by the directors.

Benefit administration services provided by the corporation include collecting and recording contributions, calculating and paying benefits, communicating to employers and plan members, pension plan board support services and other services specifically approved by the individual boards of trustees. These administrative services are provided pursuant to service agreements with each plan.

The corporation operates on a cost-recovery basis. The corporation charges each pension plan with its respective share of the corporation's operating expenses, and computer systems and other asset purchases, less investment and miscellaneous income and amortization.

The issued share ($10 par value) of the corporation is held by the Province of British Columbia, and accordingly the corporation is exempt from income taxes. The corporation pays goods and services tax (GST) on applicable purchases and recovers those costs fully, through input tax credits.

BRITISH COLUMBIA PENSION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements are prepared on an accrual basis, in accordance with Canadian generally accepted accounting principles.

Certain comparative figures have been reclassified to conform to the current year's presentation.

b) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consists of all cash and short-term highly liquid investments, such as pooled money market funds, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes of value.

c) Computer Systems and Other Assets

Computer systems and other assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives as follows:

Major Business Application Software	3 to 10 years
Other Computer Equipment and Software	3 to 5 years
Furniture	10 years
Tenant Improvements	10 years

Major business application software under development is not amortized until completion and implementation.

The corporation monitors computer systems and other assets for changes in circumstances that indicate assets may be impaired if their service value to the corporation has declined. If such circumstances occur, the excess of the net book value over any residual value will be recognized as an expense in the statement of revenues and expenses.

d) Revenue Recognition

Cash funding is received in advance from the pension plans that receive services from the corporation. Service revenue is recognized as operating expenses are incurred and as assets are amortized. The corporation defers capital funding received in advance for computer systems and other asset purchases. This deferred capital funding is recognized as service revenue on the same basis as the related assets are amortized. Investment income is recorded on an accrual basis.

e) Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect year-end exchange rates at the balance sheet date. Any resulting exchange gains and losses are included in the determination of income.

BRITISH COLUMBIA PENSION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Use of Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts on the Balance Sheet and Statement of Revenues and Expenses at the date on the financial statements. Actual results could differ from these estimates. The significant area requiring the use of management estimates relates to the estimated useful lives of computer systems and other assets.

4. FUTURE ACCOUNTING CHANGES

In April 2005, the Canadian Institute of Chartered Accountants (CICA) issued a new standard, Section 3855, over the recognition and measurement of financial instruments that are effective for the corporation on April 1, 2008. The corporation does not expect that the impact of this new standard will have a material effect on its financial statements.

In December 2006, the CICA issued three new accounting standards, Section 1535 (Capital Disclosures), Section 3862 (Financial Instruments - Disclosures) and Section 3863 (Financial Instruments - Presentations) which are effective for the corporation on April 1, 2008.

Adoption of Section 1535 will result in the corporation reviewing and, where appropriate, enhancing disclosure of information about the corporation's capital, including objectives, policies and processes for managing capital; what the corporation regards as capital; whether the corporation has complied with any capital requirements and the consequences of non-compliance.

Adoption of Sections 3862 and 3863 will result in the corporation reviewing and, where appropriate, enhancing disclosure relating to the nature and extent of risks arising from financial instruments and how the corporation manages those risks. The presentation requirements remained unchanged.

BRITISH COLUMBIA PENSION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

5. CASH AND SHORT-TERM INVESTMENTS

Short-term investments consist of direct ownership in units of pooled investment portfolios, managed by the British Columbia Investment Management Corporation. Each unit gives its holder a proportionate share in the net assets of the pooled investment portfolio. The pooled investment portfolios consist of Canadian money market securities such as financial and corporate commercial paper, with terms of 15 months or less. These investments are recorded at cost, which approximates fair value.

	($ Thousands)	
	2008	**2007**
Cash	$ 396	$ 109
Short-term Investments	446	119
	$ 842	$ 228

6. DUE FROM PENSION PLANS

Due from pension plans represents total charges to pension plans less operating and capital funding received as follows:

	($ Thousands)	
	2008	**2007**
Beginning Balance, Due from Pension Plans	$ 6,909	$ 5,923
Total Charges to Pension Plans	35,912	34,408
Pension Plan Boards' Secretariat Support:		
Expenses	1,001	938
Purchase of Computer Systems and Other Assets	29	4
Operating Funding Received	(34,959)	(32,463)
Capital Funding Received	(2,730)	(1,901)
Ending Balance, Due from Pension Plans	$ 6,162	$ 6,909
Total Due from Pension Plans:		
Municipal Pension Plan	$ 3,285	$ 3,466
Public Service Pension Plan	1,560	1,724
Teachers' Pension Plan	939	1,221
College Pension Plan	218	398
Other Plans	160	100
Total Charges to Pension Plans	$ 6,162	$ 6,909

Please see Note 3d) regarding funding arrangements.

BRITISH COLUMBIA PENSION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

7. COMPUTER SYSTEMS AND OTHER ASSETS

($ Thousands)

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	
Major Business Application Software	$ 26,543	$ 19,970	$ 6,573	$ 7,944
Other Computer Equipment and Software	15,972	13,833	2,139	2,245
Furniture	3,360	2,557	803	877
Tenant Improvements	1,443	710	733	813
	$ 47,318	$ 37,070	$ 10,248	$ 11,879

8. ACCRUED SALARIES AND BENEFITS

($ Thousands)

	2008	2007
Accrued Salaries and Benefits	$ 5,234	$ 4,974
Leave Liability	953	890
One-Time Payments (Note 13)	4	9
	$ 6,191	$ 5,873

Leave liability primarily consists of vacation earned but not yet taken.

9. DEFERRED CAPITAL FUNDING

($ Thousands)

	2008	2007
Opening Balance, Deferred Capital Funding	$ 11,879	$ 14,372
Capital Funding Received	2,730	1,901
Capital Funding Recognized as Service Revenue:		
Amortization	(4,268)	(4,364)
Loss on Disposal of Computer Systems and Other Assets	(93)	(30)
Ending Balance, Deferred Capital Funding	$ 10,248	$ 11,879

During the next fiscal year, approximately $4.4 million of deferred capital funding will be recognized as service revenue.

BRITISH COLUMBIA PENSION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

10. SERVICE REVENUE

The corporation's service revenue consists of charges to the pension plans for the corporation's operating expenses, and computer systems and other asset purchases, less capital funding received, plus capital funding recognized as service revenue:

	($ Thousands)	
	2008	**2007**
Total Charges to Pension Plans	$ 35,912	$ 34,408
Capital Funding Received	(2,730)	(1,901)
Pension Plan Boards' Secretariat Purchase of Computer Systems and Other Assets	29	4
Capital Funding Recognized as Service Revenue:		
Amortization	4,268	4,364
Loss on Disposal of Computer Systems and Other Assets	93	30
Service Revenue	$ 37,572	$ 36,905
Total Charges to Pension Plans were:		
Municipal Pension Plan	$ 18,264	$ 17,288
Public Service Pension Plan	8,491	8,212
Teachers' Pension Plan	7,100	7,001
College Pension Plan	1,625	1,456
Other Plans	432	451
Total Charges to Pension Plans	$35,912	$ 34,408

11. PENSION PLAN BOARDS' SECRETARIAT SUPPORT

Pension plan boards directly approve pension plan board secretariat support budgets, and the corporation recovers these expenses from the pension plans. These expenses are as follows:

	($ Thousands)	
	2008	**2007**
Salaries and Benefits	$ 689	$ 671
Office Expenses	127	111
Building Rent and Maintenance	150	123
Other	35	33
	$ 1,001	$ 938
Pension Plan Boards' Secretariat Support recovered from:		
Municipal Pension Plan	$ 376	$ 352
Public Service Pension Plan	208	195
Teachers' Pension Plan	209	195
College Pension Plan	208	196
	$ 1,001	$ 938

BRITISH COLUMBIA PENSION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

12. EMPLOYEES' PENSION PLAN AND RETIREMENT BENEFITS

In accordance with the *Public Sector Pension Plans Act, S.B.C. 1999 c44*, the corporation and its employees contribute to the Public Service Pension Plan (plan), a jointly trusteed pension plan. The plan is a multi-employer contributory defined benefit pension plan. The corporation administers the plan, including the payment of pension benefits, on behalf of the employers and the employees to whom the act applies. As at March 31, 2008, the corporation has approximately 400 employees contributing to the plan which has approximately 52,000 active plan members and 33,000 retired plan members.

Employer contributions to the plan are included in salaries and benefits and represent the amount of pension expense for the year. For the year ended March 31, 2008, employees contributed 7.63% of salary up to the Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE) and 9.13% for salaries above that. The corporation contributed 8.63% of salary up to the YMPE and 10.13% for salaries above that. Employee and corporation contributions include 1.50% and 2.50% of salaries respectively, to fund contingent benefits such as future pension indexing and retired member group benefits that are subject to the availability of specified funding arrangements. Effective April 1, 2005, the employee contribution rate increased by 0.25%, to 1.50% of salaries, to fund these contingent benefits. The corporation, as employer, is paying the 0.25% employee contribution rate increase.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation as at March 31, 2005 indicated a $767 million unfunded liability for basic pension benefits. The next valuation will be as at March 31, 2008 with results available in 2009. The actuary does not attribute portions of the unfunded liability to individual employers. In 2008, the corporation paid $1.8 million (2007: $1.8 million) for employer contributions to the plan. Employees are also entitled to specific retirement benefits as provided for under collective agreements and terms of employment. The cost of these future benefits is included in salaries and benefits expense.

13. RELATED PARTY TRANSACTIONS

The College, Municipal, Public Service and Teachers' pension plans are related parties to the corporation. The pension plan boards appoint members to the corporate board, and the corporation provides services to the pension plans. Please see Notes 2, 10, and 11. These transactions are in the normal course of operations and consist of the recovery of the corporation's operating expenses, and computer systems and other asset purchases.

The corporation engages in transactions with the Province of British Columbia. These transactions are considered to be in the normal course of operations and include some limited supporting services; payroll, building occupancy and some information technology support services. Included in accounts payable and accrued salaries and benefits is $5.7 million (2007: $5.9 million) due to the Province of British Columbia.

The corporation does not receive funding from the Province of British Columbia. However, in 2006 the Province agreed to provide funding for one time payments to employees related to collective agreement and management wage settlements. In 2008, the Province agreed to provide funding for minor adjustments to these one time payments. The related amount due from the Province is $8,000 (2007: $35,000).

BRITISH COLUMBIA PENSION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

14. COMMITMENTS

The corporation has a service agreement with the Province of British Columbia, with a current term ending March 31, 2010, to provide existing and future accommodation needs. Through the Province, the corporation has committed to various building rental and accommodation agreements for which the estimated costs for the years ending March 31, 2009-2011 is $2.3 million per year. The estimated costs for the year 2012 is $1.9 million and for the year 2013 is $1.6 million.

15. FINANCIAL INSTRUMENTS

The corporation's financial instruments consist of cash, short-term investments, accounts receivable, including due from pension plans and the due from the Province of BC, and accounts payable and accrued liabilities. It is management's opinion that the corporation is not exposed to significant risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short period to maturity for these items.